



ADMINISTRATIVE SERVICES DEPARTMENT

MEMORANDUM

DATE: January 25, 2016

TO: The Oversight Board of the Successor Agency to the Former Temple City Redevelopment Agency

FROM: Tracey L. Hause, Administrative Services Director

SUBJECT: **ADOPTION OF A RESOLUTION APPROVING AN ADMINISTRATIVE BUDGET FOR THE PERIOD OF JULY 1, 2016 THROUGH JUNE 30, 2017, FOR THE SUCCESSOR AGENCY TO THE FORMER TEMPLE CITY REDEVELOPMENT AGENCY**

RECOMMENDATION:

- a) Review the proposed Administrative Budget for the period of July 1, 2016, through June 30, 2017, (i.e., "Administrative Budget"), for the Successor Agency to the Former Redevelopment Agency (Successor Agency); and
- b) Adopt a Resolution approving the Administrative Budget for the Successor Agency.

BACKGROUND:

1. On June 29, 2011, as part of adopting the State of California Fiscal Year (FY) 2011-12 budget, the Governor signed two trailer bills, AB X1 26 and AB X1 27, into law. The legislation was effective on June 29, 2011. AB X1 26 eliminated redevelopment agencies as of October 1, 2011. Under AB X1 26 (chapter 5, Statutes of 2011), an Oversight Board was established to oversee the actions of the Successor Agency (Oversight Board).
2. On July 18, 2011, the California Redevelopment Association and League of California Cities filed suit to invalidate AB X1 26 and AB X1 27.
3. On December 29, 2011, the California Supreme Court announced its decision in *CRA v. Matosantos* upholding AB X1 26 as a constitutional exercise of the Legislature's power, but striking down AB X1 27 as unconstitutional. On January 13, 2012, in the absence of any election to the contrary, the City of Temple City (i.e., "City") became the successor entity for the general functions of the Temple City

Community Redevelopment Agency (Redevelopment Agency).

4. On February 1, 2012, unless urgency legislation or another pending lawsuit intervened, every redevelopment agency in the State of California was dissolved and a successor agency was created for each redevelopment agency.

ANALYSIS:

The Successor Agency is allowed an administrative allowance, subject to approval by the Oversight Board. This allowance is up to three percent of the property tax within the Project Agency or at least \$250,000 for any fiscal year unless negotiated by the Successor Agency and Oversight Board.

Although Health & Safety Code Section 34177(j) requires that the Successor Agency prepare an administrative budget for each six-month period of the fiscal year, the Recognized Obligation Schedule is now submitted only once in the same fiscal year period, pursuant to new legislation under SB 107. Accordingly, the administrative budget now covers both 6-month periods within the fiscal year. The Successor Agency is requesting \$250,000 for its Administrative Budget to cover costs to administer the distribution of the Former Redevelopment Agency's assets to fulfill all other obligations for the former Redevelopment Agency during the entire fiscal year 2016/17 period. The proposed Administrative Budget includes personnel costs, costs related to the preparation for and hosting Oversight Board meetings and costs related to meeting the requirements of AB 1484, as amended, that is included in the 16-17 Recognized Obligation Payment Schedule (ROPS). A detailed breakdown of the budget and the costs related to the ROPS is attached as Exhibit "A" to this Resolution.

CONCLUSION:

In order to ensure the Successor Agency can collect related administrative costs as reported in the 16-17 ROPS, adoption of an Administrative Budget is required by State law.

FISCAL IMPACT:

There is no fiscal impact as a result of this motion; it only memorializes the anticipated financial activities of the Successor Agency for the period of July 1, 2016 through June 30, 2017, distributing the Redevelopment Agency's assets.

ATTACHMENT:

A. Resolution Approving the Administrative Budget